

S&P Global Flash US PMI[®]

Output growth revives in March but confidence in the outlook deteriorates further

Key findings, March:

Flash US PMI Composite Output Index⁽¹⁾: 53.5 (Feb: 51.6). 3-month high.

Flash US Services PMI Business Activity Index⁽²⁾: 54.3 (Feb: 51.0). 3-month high.

Flash US Manufacturing Output Index⁽³⁾: 48.8 (Feb: 54.5). 3-month low.

Flash US Manufacturing PMI⁽⁴⁾: 49.8 (Feb: 52.7). 3-month low.

Data were collected 12-21 March

US business activity growth picked up momentum in March, according to flash PMI[®] survey data, as a marked upturn in the service sector offset a renewed fall in manufacturing output. However, business expectations for the year ahead fell to their second-lowest since October 2022 as companies grew increasingly cautious about the economic outlook, often citing worries over customer demand and the impact of aspects of the new administration's policies.

Jobs growth was also subdued amid heightened uncertainty about the outlook and concerns over rising costs. Input price inflation accelerated sharply, especially in manufacturing, to a near two-year high, often attributed to the impact of tariff policies. However, competition limited the pass-through of higher costs to selling prices.

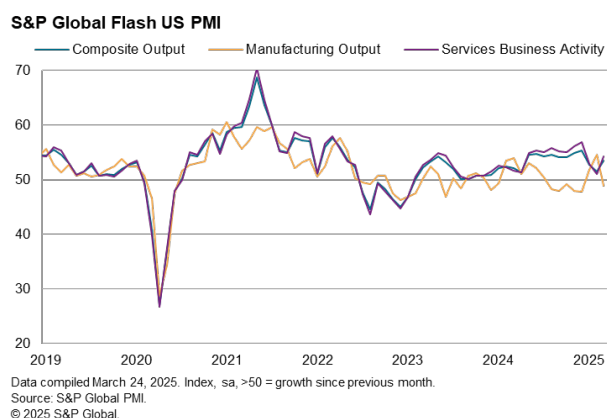
Output and demand

The headline S&P Global US PMI Composite Output Index rose nearly two points in March, up from 51.6 in February to hit a three-month high of 53.5, according to the preliminary 'flash' reading (based on approximately 85% of usual survey responses). The index signals an acceleration of activity growth after slipping to a 10-month low in February. However, the rate of expansion remains well below December's 32-month high.

The improvement was driven by the services economy, where output growth picked up momentum for the first time this year, having slumped to a 15-month low during

February. The resulting rise in service sector output was the largest recorded so far this year, with companies reporting improved new business inflows amid some signs of strengthening customer demand and better weather compared to earlier in the year. Services exports acted as a drag on activity, however, declining for a third successive month.

Manufacturing output meanwhile fell into decline, contrasting sharply with the gains seen in the first two months of the year (February's rise in output was the largest recorded since May 2022). Factories reported fewer instances of output having been buoyed by the front-running of tariffs, and new orders growth came close to stalling in the goods-producing sector. Input buying in the sector also fell back into decline. However, export sales showed the smallest decline for nine months thanks to rising orders in particular from Canada, Germany and other EU countries, hinting at some further efforts to fulfil orders ahead of tariff implementation.



Future sentiment

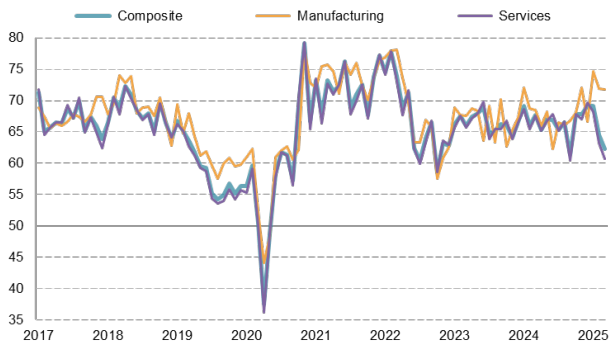
Although current output growth picked up pace in March, optimism about the coming year fell for a second successive month. The decline took confidence to its lowest since October 2022 barring the nadir seen last September (when business was unsettled by uncertainty ahead of the Presidential election).

News release

On one hand, sentiment about the future in manufacturing remained among the highest seen over the past three years, which factories commonly linked to hopes of stronger demand amid supportive trade and other policies, such as lower taxes.

On the other hand, service sector confidence deteriorated for a third consecutive month, sliding noticeably from December's one-and-a-half year high to its second-lowest since October 2022. The deterioration in service sector confidence was attributed to concerns over the adverse impact on demand for services and financial markets of federal spending cuts, tariffs and wider policy changes from the new administration.

US PMI future output expectations indicators



Data compiled March 24, 2024.
PMI (Purchasing Managers' Index) 50 = no change on prior month.
Source: S&P Global PMI.
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Employment

Employment rose slightly in April, returning to growth after a small decline in February. The upturn was led by renewed hiring in the service sector. However, even here the rate of job creation was marginal, and much weaker than at the turn of the year. Some companies reported job losses due to sluggish demand plus a wariness to hire due to the uncertain outlook. Manufacturers in particular reported concerns over payroll numbers and rising costs, cutting headcounts for the first time since last October.

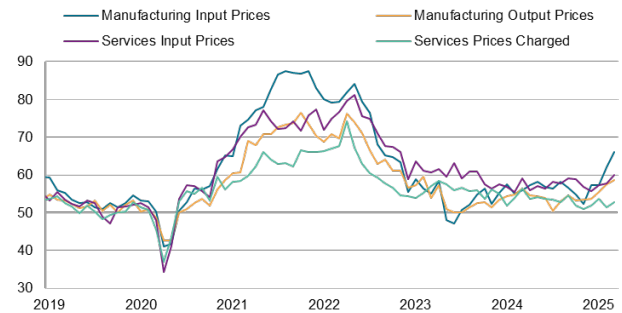
Prices

Cost pressures intensified across the economy in March. Across both goods and services, input costs increased at the sharpest rate for 23 months, surging especially in manufacturing (where the rate of inflation hit a 31-month high) but also picking up further pace (to an 18-month high) in the service sector. Higher costs were first and foremost attributed to tariffs, though increased staffing costs were also widely reported.

Higher costs fed through to a steeper rise in manufacturing selling prices, which rose in March at the sharpest rate for 25 months. The March survey also saw a modest acceleration in services selling price inflation, albeit to a level that was historically subdued as firms

reported the need to offer competitive prices in a weak-demand environment. The resulting combined increase in prices levied by companies across both sectors was the second largest seen over the past six months – surpassed only by the rise seen in January – but remaining below the survey's long-run average.

S&P Global Flash US PMI price indices

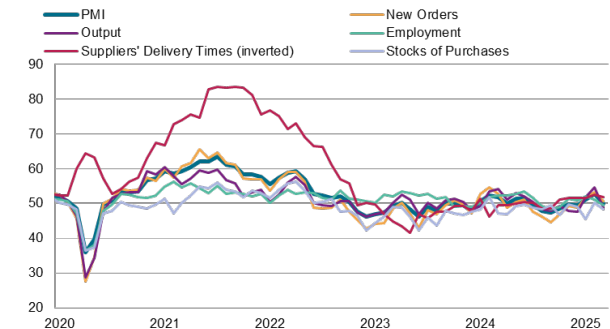


Data compiled March 24, 2025. Index, sa, >50 = inflation since previous month.
Source: S&P Global PMI.
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Manufacturing PMI

The S&P Global Flash US Manufacturing PMI fell from 52.7 in February to 49.8, dropping below the 50.0 no change level to signal the first – albeit marginal – deterioration in business conditions within the goods-producing sector since December.

US Manufacturing PMI and its components



Data compiled March 24, 2025. Index, sa, >50 = improvement since previous month.
Source: S&P Global PMI.
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Factory production fell for the first time this year, with employment also declining for the first time since last October. Inventories (of inputs) likewise fell in March, having risen for the first time in a year in February. Further downward pressure on the PMI came from a slowing of new orders growth to a marginal pace after two months of solid gains, and an easing of supplier delays (longer lead-times are generally seen as positive for growth as they indicate busier supply chains).

PMI[®]

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News release

Commenting on the flash PMI data, Chris Williamson, Chief Business Economist at S&P Global Market Intelligence said:

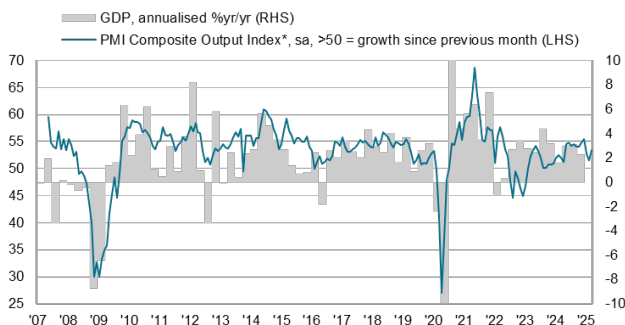
"A welcome upturn in service sector activity in March has helped propel stronger economic growth at the end of the first quarter. However, the survey data are indicative of the economy growing at an annualized 1.9% rate in March and just 1.5% over the quarter as a whole, pointing to a slowing of GDP growth compared to the end of 2024.

"Near-term risks also seem tilted to the downside. Growth is concentrated in the service sector as manufacturing fell back into decline after the front-running of tariffs had temporarily boosted factory output in the first two months of the year. Similarly, some of the March upturn in services was reportedly due to business picking up after adverse weather conditions had dampened activity across many states in January and February, which could prove a temporary bounce.

"Business confidence in the outlook has also darkened, souring further from the buoyant mood seen at the start of the year to one of the gloomiest readings seen over the past three years, largely caused by growing worries over negative impacts from recent policy initiatives from the new administration. Most widely cited were concerns about the impact of Federal spending cuts and tariffs.

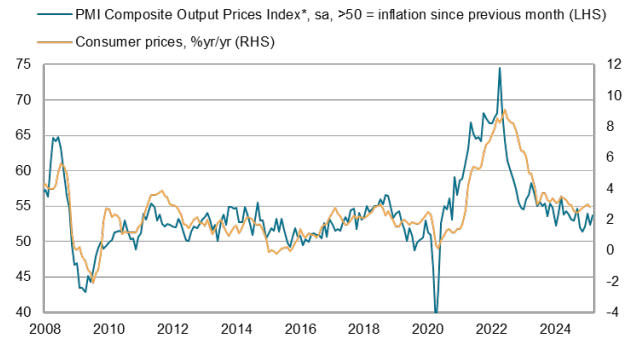
"A key concern over tariffs is the impact on inflation, with the March survey indicating a further sharp rise in costs as suppliers pass tariff-related price hikes on to US companies. Firms' costs are now rising at the steepest rate for nearly two years, with factories increasingly passing these higher costs onto customers. Thankfully, from the Federal Reserve's perspective, services inflation remains relatively subdued, but this reflects the need to keep prices low amid weak demand, which will harm profits."

S&P Global Flash US PMI vs gross domestic product (GDP)



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
© 2025 S&P Global. *PMI Manufacturing Output Index May '07- Sep '09.

S&P Global Flash US PMI vs inflation



Data compiled March 24, 2025. *PMI Manufacturing Output Prices Index May '07- Sep '09
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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Notes to editors

Final March data are published on 1 April for manufacturing and 3 April for services and composite indicators.

The S&P Global Flash US PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 650 manufacturers and 500 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously.

The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.4)

Services Business Activity Index = 0.1 (absolute difference 0.4)

Manufacturing PMI = 0.0 (absolute difference 0.3)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact economics@spglobal.com.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

PMI®

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PMI by S&P Global

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